

# Economic Development

**Mission.** The mission of the Economic Development Office is to encourage economic growth in Wichita, through the use of special financing and other incentives.

**Overview.** The economic development activities of the City are coordinated in the Department of Finance's Economic Development Office. Staff work to attract new businesses and retain existing businesses by developing and arranging innovative special financing. This includes the issuance of Industrial Revenue Bonds, the use of tax exemptions, and the use of tax increment financing.

Revenues are derived primarily from administrative charges on IRB issuances. In addition, City funds have augmented the Economic Development Fund resources.

**Finance and Operations.** Economic development activities are pursued by partnering with private business. Partnering takes many forms, one of which is the offering of Industrial Revenue Bonds (IRB). IRB financing facilitates job creation and retention while providing qualified businesses with a tax exemption on equipment and facilities financed with the IRB proceeds. IRB financing also allows businesses to finance expansion at a lower interest rate than is otherwise available. Currently, over \$3.8 billion is outstanding in IRBs.

Another form of financing used to generate economic growth is Tax Increment Financing (TIF). The Economic Development Office oversees the creation of TIF districts to stimulate economic growth by allowing any increase in assessed valuation (and the resulting increase in

property taxes) to be directed exclusively towards redevelopment purposes. Tax increment financing districts have been utilized to revitalize the 21<sup>st</sup> and Grove area, to finance improvements to Old Town, and to encourage the development of the East Bank area. Each TIF has stimulated long term economic viability.



*Cessna Training Facility, a public/private partnership financed through the 21<sup>st</sup> and Grove TIF District and a HUD Section 108 loan*

In 1999, a \$10 million public/private partnership was initiated to provide loan funds to start or enhance existing small and/or minority businesses, which would not otherwise receive commercial loans.

Economic Development staff work in conjunction with other entities. The Wichita State University Center for Economic and Business Research is used for specialized research needs. The Chamber of Commerce, the Kansas Minority Business Development Council, and the World Trade Center are also closely connected to Economic Development Office activity.

## Economic Development Fund Budget Summary

	1999 Actual	2000 Adopted	2000 Revised	2001 Adopted	2002 Approved
<b>Economic Development Fund Revenue</b>	<b>652,391</b>	<b>679,420</b>	<b>648,520</b>	<b>668,520</b>	<b>688,520</b>
Personal Services	220,899	226,390	235,790	242,280	251,570
Contractual Services	196,231	206,300	294,320	233,470	233,470
Commodities	2,476	2,500	5,000	5,000	5,000
Capital Outlay	0	0	0	0	0
Other	0	150,000	350,000	650,000	150,000
<b>Total Econ. Dev. Fund Expenditures</b>	<b>419,605</b>	<b>585,190</b>	<b>885,110</b>	<b>1,130,750</b>	<b>640,040</b>
Revenue Over (Under) Expenditures	232,787	94,230	(236,590)	(462,230)	48,480
<b>Economic Development. Fund Balance</b>	<b>897,605</b>	<b>825,768</b>	<b>661,015</b>	<b>198,785</b>	<b>247,265</b>
<b>Personal Services Position Summary</b>					
Total full-time	3	3	3	3	3
Total part-time	0	0	0	0	0
Total FTE	3	3	3	3	3